

APPENDIX G

General Order No. 5

BEFORE THE NEBRASKA TAX EQUALIZATION AND REVIEW
COMMISSION

IN THE MATTER OF :)	GENERAL ORDER No. 5
)	
)	
THE TAX EQUALIZATION AND)	ORDER ADOPTING
REVIEW COMMISSION)	ASSESSMENT STANDARDS
)	AND TIME PERIODS
)	

THIS MATTER came on for hearing this 15th day of August, 1996.

The Commission makes the following findings of fact:

- I. The Constitution of the State of Nebraska directs that all property shall be uniformly and proportionately valued for purposes of taxation.
- II. The Constitution further directs that revenue shall be raised by taxation in such manner as the Legislature shall direct.
- III. The Legislature, in order to fairly and equitably distribute the burden of taxation, has directed that property shall be valued at its actual value (except agricultural property, which is a separate and distinct class).
- IV. The Constitution and State Laws further require that valuation (i.e., assessments) be equitable among and between classes of property.
- V. The Commission, according to its constitutional and statutory duties, must review and equalize assessments and hear appeals regarding assessments and the equalization of those assessments. In order to fulfill those duties, objective standards against which appraisal practices may be measured are essential.
- VI. Furthermore, such objective standards are necessary in order to effectively, fairly and equitably address the issues of intra county equalization, to fairly determine the disposition of appeals made to the Commission, to fairly determine the disposition of county petitions to adjust valuations of a class or subclass by a percentage, and to develop and implement a statewide plan for equalization.
- VII. Finally, such objective standards are necessary in order to establish goals towards which appraisal practices may be directed.

IT IS THEREFORE ORDERED:

- I. Appraisal practices of the counties and the state (for centrally assessed property) shall be evaluated through the use of the **Median** of the appropriate ratio for Residential, Agricultural and Commercial/Industrial Sales Studies. Other measures of central tendency may also be used as determined by the Property Tax Administrator (P.T.A.). (Source: International Association of Assessing Officers (I.A.A.O.) The use of the median of the appropriate ratio does not preclude the use of other ratio studies to support, supplement, or reinforce the sales study.)
- II. Appraisal practices shall also be reviewed for measures of central tendency.
 - A. **Assessment/Sales Ratios**
 1. The acceptable **range** for the assessment/sales ratio for **non agricultural real property** (i.e., both residential and commercial/industrial classes) shall be 92 to 100.
 2. The acceptable **range** for the assessment/sales ratio for **agricultural real property** shall be 74 to 80.
 - B. **Price Related Differential (PRD)**

The acceptable range of PRD shall be .98 to 1.03. (Source: I.A.A.O.).
 - C. **Coefficient of Dispersion (C.O.D.)**
 1. The acceptable range for **residential** real property shall be 15.0 or less.
 2. The acceptable range for **agricultural** real property shall be 20.0 or less.
 3. The acceptable range for **commercial/industrial** real property shall be 20.0 or less. (Source: I.A.A.O.)
 4. The acceptable range for vacant land and other property shall be

20.0 or less. (Source: I.A.A.O.)

III. Sales Data Base

- A. The Sales used in the P.T.A.'s Sales Data Base shall be drawn from:
1. Agricultural real property sales shall be drawn from a 36 month time frame beginning three years prior to June 1 of the preceding year. (i.e. June 1, 1992 thru June 1, 1995)
 2. Residential real property sales shall be drawn from a 24 month time frame beginning two years prior to June 1 of the preceding year. (i.e. June 1, 1993 thru June 1, 1995)
 3. Commercial/Industrial real property sales shall be drawn from a time frame as short as possible, but with at least a two-year period. Noting the small number of sales in this classification, in most jurisdictions, it is recognized that a specified time frame is not as appropriate as other classifications of real property.
 4. Such sales are to "time-adjusted" according to objective standards as may be determined by the P.T.A. (Source: I.A.A.O.)
- IV. The Assessment Standards, Acceptable Ratio Ranges, and the Sales Time Period set forth above shall be in full force and effect for calendar years 1997, 1998, and 1999.
- V. The aforesaid standards shall be the standards used to evaluate the assessments of all counties of this state for the time periods set forth above. "Show Cause" orders shall be issued to those counties whose assessments, as shown by statistical analysis made by the P.T.A., are inconsistent with the standards set forth above.
- VI. The Property Tax Administrator is hereby requested to prepare objective standards for use by County Assessors in the following areas: the treatment of sold vs. unsold properties; the treatment of vacant lots being held for residential development; the use of benchmarks for counties with insufficient sales in particular classes or subclasses of property; the development and use of market areas; determinations as to the best method to handle the reporting of sales by counties; objective standards for including and/or excluding sales and

notifying counties of same; and such other matters as may be determined to be necessary for the development of more "representative" statistics. The Property Tax Administrator is further requested to present these standards to the Commission in writing within ninety (90) days.

- VII. The Property Tax Administrator is also requested to provide to the Commission in writing within ninety (90) days, a schedule for submitting reports to the Commission regarding statistical analyses all 93 counties' appraisals.

IT IS SO ORDERED.

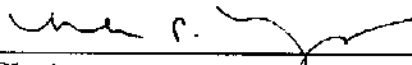
Dated this 15th day of August, 1996.

ALL COMMISSIONERS JOIN IN THIS ORDER.

I hereby attest that the above and foregoing Findings and Order were adopted by the Commission after a roll call vote on the 15th day of August, 1996.

SEAL




Chairman